

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG ELECTRIC LOGS FILE X WATER SANDS LOCATION INSPECTED SUB. REPORT/abd.*Application Rescinded by BLM*

DATE FILED

9-22-86

LAND: FEE & PATENTED

STATE LEASE NO.

PUBLIC LEASE NO.

U-37355

INDIAN

DRILLING APPROVED:

10-14-86 (Case No. 179-1)

SPUDDED IN:

COMPLETED:

PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED

O.A. 12.12.88

FIELD:

NATURAL BUTTES

UNIT:

COUNTY:

UINTAH

WELL NO.

SAGEBRUSH FEDERAL 2-8

LOCATION

2585' FNL FT. FROM (N) (S) LINE. 743' FWL

FT. FROM (E) (W) LINE.

API #43-047-31759

SW NW

1/4 - 1/4 SEC 8

TWP.

RGE.

SEC.

OPERATOR

TWP.

RGE.

SEC.

OPERATOR

10S

23E

8

EP OPERATING COMPANY

ENSERCH
EXPLORATION INC

1230 River Bend Drive
Suite 136
Dallas, Texas 75247
214/630-8711

C. H. Peeples
Regional Drilling Manager
Western Region
Drilling Department

May 23, 1985

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
4241 State Office Building
Salt Lake City, Utah 84114

RECEIVED

MAY 28 1985

DIVISION OF OIL
GAS & MINING

Re: Applications for Permit to Drill
Sagebrush Federal No. 2-8
Bonanza Field
Section 8, T-10-S, R-23-E &
Lizard Creek Federal No. 2-10
Bitter Creek Field
Section 10, T-11-S, R-22-E
Uintah County, Utah

Dear Sirs:

Attached for your review are the Applications for Permit to Drill the captioned wells. These applications are also being submitted to the Bureau of Land Management in Vernal, Utah.

Each well is governed by specific spacing orders: the Sagebrush Federal No. 2-8 by Cause No. 179-1 for the Bonanza Field, established October 24, 1978; and the Lizard Creek Federal No. 2-10 by Cause No. 201-1 for the Bitter Creek Field, established July 26, 1984. The Lizard Creek Federal No. 2-10 well meets the stipulations of Cause No. 201-1; however, the Sagebrush Federal No. 2-8 does not meet the requirements of Cause No. 179-1.

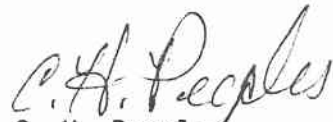
The Sagebrush Federal No. 2-8 was staked in the NW-1/4 of Section 8 as required; however, the rugged terrain of the area prohibited placing the proposed wellsite within the permitted tolerance of 600 feet from the center of the quarter section. At the onsite held May 7, 1985 with Mr. Greg Darlington, Environmental Scientist for the BLM in Vernal, Utah, it was determined that the site selected was the best from an environmental standpoint. In addition, Enserch controls leases in all of Sections 7, 8, 9, 17 and 18 which might be affected by this location.

*Application
was granted
on original APD
approved 6/3/85
L.A. 8/13/86
(Resubmitted)
by BLM*

State of Utah
Department of Natural Resources
Applications for Permit to Drill
Sagebrush Federal No. 2-8 &
Lizard Creek Federal No. 2-10
Uintah County, Utah
May 23, 1985
Page Two

It is requested that an ~~administrative exception~~ be granted for the Sagebrush Federal No. 2-8, Section 8, T-10-S, R-23-E, for ~~topo-graphical reasons~~. If there are any questions or if additional information is required, please advise. Your timely consideration of these applications and the exception request are greatly appreciated.

Very truly yours,



C. H. Peebles
Regional Drilling Manager,
for EP Operating Company,
a limited partnership by
New Enserch Exploration, Inc.,
Managing General Partner

CHP/pd1

Attachments :

EP Operating

RECEIVED

JUL 29 1985

DIVISION OF OIL
GAS & MINING

July 26, 1985

TEMPORARY

Martin Water Service
P.O.Box 566
Vernal, UT 84078

Dear Applicant:

RE: TEMPORARY APPLICATION
NUMBER 49-1372 (T61079)

Enclosed is a copy of approved Temporary Application Number 49-1372 (T61079). This is your authority to construct your works and to divert the water for the uses described.

While this approved application does give you our permission to divert and use water, it does not grant easements through public or private lands in order to gain access to the source nor to convey the water to the place of use, nor does this approval eliminate the need for such other permits as may be required by this Division or any other agency in implementing your diversion.

This application will expire July 15, 1986, and it is expected that no diversion or use of the water will be done after that date unless another proposal has been made and approved.

Your contact with this office, should you need it is with the Area Engineer, Robert Guy. The telephone number is (801)789-3714.

Yours truly,

Robert L. Morgan, P.E.
State Engineer

RLM:slm

Encl.: Copy of approved Temporary Application

031808 29 1985

stream or source at a point described as follows: (Fed. 2-10 43-047-31639 2A) (2-17 43-047-31649 2A)

EXPLANATORY

The following additional facts are set forth in order to define more clearly the full purpose of the proposed application:

[Lined area for explanatory text]

(Use page 4 if additional explanatory is needed.)

The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purpose herein described

[Handwritten Signature]

Signature of Applicant*

*If applicant is a corporation or other organization, signature must be the name of such corporation or organization by its proper officer, or in the name of the partnership by one of the partners, and the names of the other partners shall be listed. If a corporation or partnership, the affidavit below need not be filled in. If there is more than one applicant, a power of attorney, authorizing one to act for all, should accompany the Application.

DECLARATION OF CITIZENSHIP

STATE OF UTAH, }
County of..... } ss

On the day of, 19....., personally appeared before me, a notary public for the State of Utah, the above applicant who, on oath, declared that he is a citizen of the United States, or has declared his intention to become such a citizen.

My commission expires:

[Handwritten Signature]

Notary Public

(SEAL)

RECORDED

FEEES FOR APPLICATIONS TO APPROPRIATE WATER IN UTAH

| Flow rate — c.f.s. | Cost | |
|------------------------|----------|--|
| 0.0 to 0.1 | \$ 15.00 | |
| over 0.1 to 0.5 | 30.00 | |
| over 0.5 to 1.0 | 45.00 | |
| over 1.0 to 15.0 | 45.00 | plus \$7.50 for each cfs above the first cubic |
| over 15.0 | 150.00 | foot per second. |

Storage — acre-feet

| | | |
|------------------------|--------|---|
| 0 to 20 | 22.50 | |
| over 20 to 500 | 45.00 | |
| over 500 to 7500 | 45.00 | plus \$7.50 for each 500 a.f. above the first |
| over 7500 | 150.00 | 500 acre feet. |

(This section is not to be filled in by applicant)

STATE ENGINEER'S ENDORSEMENTS

1. 7-8-85 Application received by mail in State Engineer's office by T.N.B.
2. Priority of Application brought down to, on account of
3. 7-17-85 Application fee, \$15.00, received by J. J. Rec. No. 18535
4. Application microfilmed by Roll No.
5. Indexed by Platted by
6. 7/10/85 Application examined by GBW
7. Application returned, or corrected by office
8. Corrected Application resubmitted by mail over counter to State Engineer's office.
9. 7/10/85 Application approved for advertisement by GBW
10. Notice to water users prepared by G.
11. Publication began; was completed
12. Notice published in
13. Proof slips checked by
14. Application protested by
15. Publisher paid by M.E.V. No.
16. Hearing held by
17. 7/10/85 Application designated for approval GBW S.G.
18. 7/26/85 Application copied or photostated by slm proofread by
19. 7/26/85 Application approved rejected

20. Conditions:

This Application is approved, subject to prior rights, as follows:

- a. Actual construction work shall be diligently prosecuted to completion.
- b. Proof of Appropriation shall be submitted to the State Engineer's office by NPR
- c. TEMPORARY APPROVAL -- EXPIRES July 15, 1986.

Robert L. Morgan
Robert L. Morgan, P.E. State Engineer

21. Time for making Proof of Appropriation extended to
22. Proof of Appropriation submitted.
23. Certificate of Appropriation, No., issued

Application No. 761079

**ENSERCH
EXPLORATION** INC.

7800 Stemmons Frwy.
Suite 500
Dallas, Texas 75247
214/630-8711

C. H. Peeples
Regional Drilling Manager
Western Region
Drilling Department

September 17, 1986

State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
355 W. North Temple
3 Triad Center - Suite 350
Salt Lake City, Utah 84180

RECEIVED
SEP 22 1986

**DIVISION OF
OIL, GAS & MINING**

Re: Applications for Permit to Drill
Uintah County, Utah
-Sagebrush Federal No. 2-8
Section 8, T10S-R23E
API No. 43-047-31636

-Lizard Creek Federal No. 2-10
Section 10, T11S-R22E
API No. 43-047-31638

The captioned APD's were rescinded by your office August 13, 1986 in concert with the action taken by the U. S. Bureau of Land Management. We are resubmitting these applications with the BLM and your office in anticipation that these wells will be drilled in 1987.

If you have any questions or if additional information is required, please advise.

Very truly yours,

C. H. Peeples/BV

C. H. Peeples
Regional Drilling Manager,
for EP Operating Company
a limited partnership by
Enserch Exploration, Inc.
Managing General Partner

MEK/hrs
Attach

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

EP Operating Company

(214) 630-8711

3. ADDRESS OF OPERATOR

7800 Stemmons Frwy., Suite 500 - Dallas, Texas 75247

4. LOCATION OF WELL (Report location clearly and in accordance with instructions on reverse side)

At surface

2585' FNL & 743' FWL (SW-NW)

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

13.4 Miles SW of Bonanza, Utah

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

743'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

2804' GR

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

5366' GR

23.

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|-----------------|---------------|--------------------------|
| 17-1/2" | 13-3/8" | 48# | 200' | To Surface |
| 12-1/4" | 8-5/8" | 24# | 2000' | To Surface |
| 7-7/8" | 5-1/2" | 17# | 8000' | Into Intermediate Casing |

Anticipated BHP = \pm 3500 psi

Propose to drill a 17-1/2 inch hole to 200 feet. Set 13-3/8 inch casing and cement to surface. Install a 13-5/8 inch x 13-3/8 inch, 3000 psi wellhead and a 12 inch x 3000 psi annular preventer to be used as a diverter. The BOP will be tested to 1500 psi. An aerated drilling fluid will be used to drill to approximately 2000 feet where an intermediate casing string of 8-5/8 inch casing will be run to total depth and cemented back to surface. An 8-5/8 inch x 11 inch, 3000 psi wellhead will be installed along with a minimum of 11 inch, 3000 psi double hydraulic pipe and blind rams, and an annular preventer. The rams will be tested to 3000 psi and the annular to 1500 psi. A 7-7/8 inch hole will be drilled to total depth and 5-1/2 inch casing set if productive. If the well is non-productive, plugs will be set and the location will be restored according to B.L.M. instructions.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

C. H. Peeples
C. H. Peeples

TITLE Regional Drilling Manager

DATE September 15, 1986

(This space for Federal or State office use)

PERMIT NO.

43-047-31759

APPROVAL DATA

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

DATE: 10-14-86

BY: John R. Bays

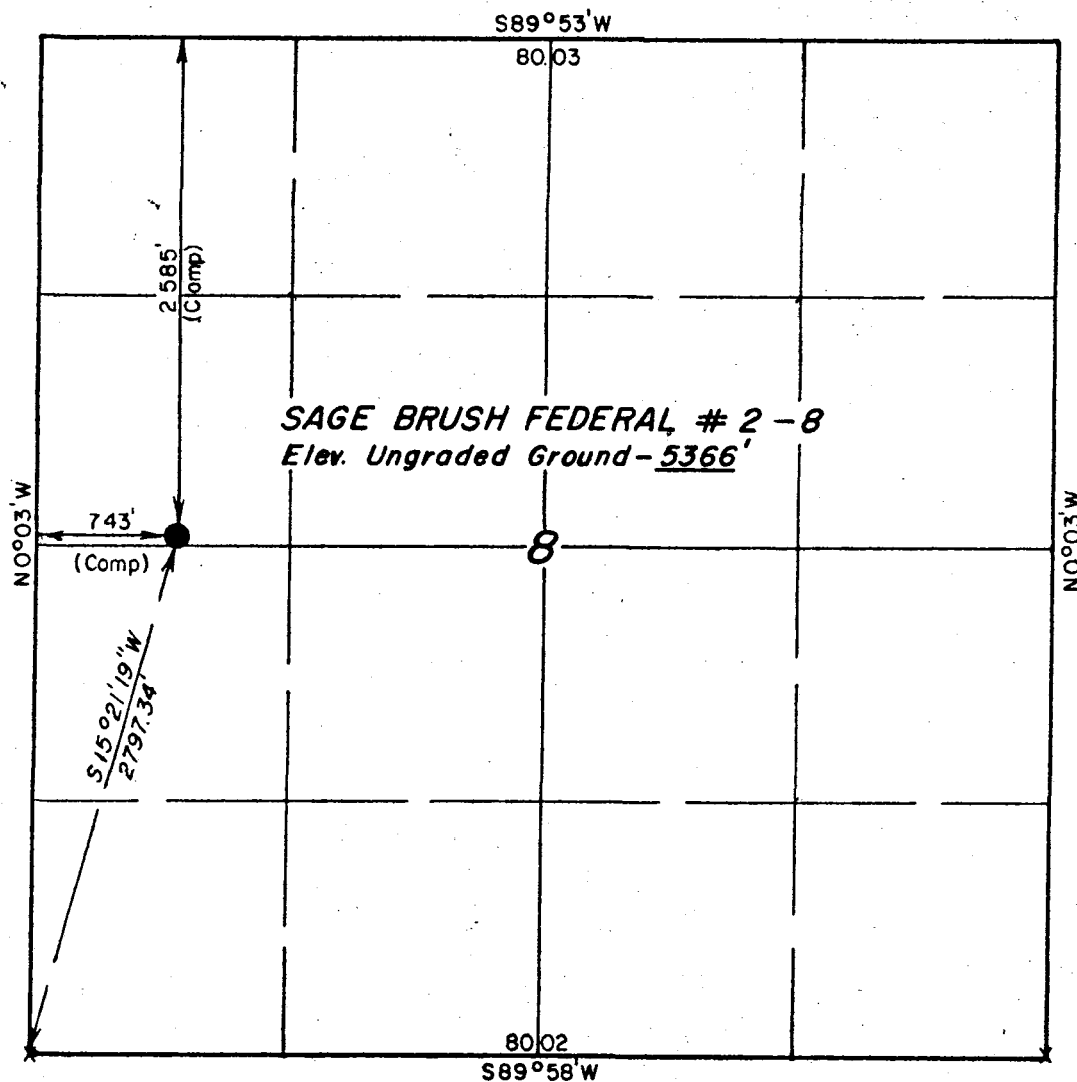
*See Instructions On Reverse Side

WELL SPACING: Cause 179-1

T10S , R23E , S.L.B.&M.

PROJECT
ENSERCH EXPLORATION INC.

Well location, *SAGE BRUSH FEDERAL # 2-8*, located as shown in the SW 1/4 NW 1/4 Section 8, T10S, R23E, S.L.B.&M. Uintah County, Utah.



X = Section Corners Located

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Lana Stewart
REGISTERED LAND SURVEYOR
REGISTRATION NO 3154
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
P. O. BOX Q - 110 EAST - FIRST SOUTH
VERNAL, UTAH - 84078

| | |
|-------------------------|------------------------|
| SCALE 1" = 1000' | DATE 3 / 16 / 81 |
| PARTY LDT TJ FO | REFERENCES GLO Plat |
| WEATHER Clear & Cool | FILE ENSERCH |

LIST OF ATTACHMENTS

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

A. DRILLING PROGRAM

B. THIRTEEN POINT SURFACE USE PLAN

EXHIBIT "A" - MINIMUM BLOWOUT PREVENTER REQUIREMENTS

LOCATION LAYOUT - CUT SHEET

LOCATION OF PRODUCTION FACILITIES

TOPOGRAPHIC MAP "A"

TOPOGRAPHIC MAP "B"

BONDING STATEMENT

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

COMPANY: EP Operating Company WELL NO. 2-8

LOCATION: Section 8 T 10S R 23E LEASE NO: U-37355

ONSITE INSPECTION DATE: May 7, 1985

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator will be fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

A. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops:

| | |
|-------------|---------|
| Uinta | Surface |
| Green River | 1322' |
| Wasatch | 3772' |
| Dark Canyon | 5625' |
| Mesaverde | 6434' |

2. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered.

| <u>Formation</u> | <u>Depth</u> | <u>Remarks</u> |
|------------------|--------------|----------------|
| Green River | 1322' | Oil |
| Trona | 3760' | Salt Water |
| Wasatch | 3772' | Gas |
| Dark Canyon | 5625' | Gas |
| Mesaverde | 6434' | Gas |

All fresh water and prospectively valuable minerals (as described by B.L.M. at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment:

- A. 200' - 2000' a minimum of a 12 inch, 3000 psi annular preventer will be used as a diverter system while drilling the intermediate hole. The diverter will be adequate for drilling the sub normally pressured formations through this interval.
- B. 2000' - 8000' Exhibit "A" is a schematic of the minimum requirements for the blowout prevention equipment. An 11 inch, 3000 psi working pressure double hydraulic BOP with pipe and blind rams will be installed on the casinghead prior to drilling below the 8-5/8 inch casing. An annular preventer will also be installed.

A rotating head will also be used while drilling from 200 feet to approximately 4500 feet to facilitate aerated drilling.

The diverter system will be pressure tested to 1500 psi before drilling out from under surface casing. Another pressure test will be conducted before drilling out from under intermediate casing. The BOP equipment will be tested to 3000 psi. BOP systems will be consistent with API RP 53. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventers will be pressure tested before drilling casing and cement plugs.

The District Office will be notified, with sufficient lead time, in order to have a B.L.M. representative on location during pressure testing.

4. Casing Program and Auxiliary Equipment:

| <u>SETTING DEPTH</u> | <u>SIZE</u> | <u>WEIGHT</u> | <u>GRADE</u> | <u>CONDITION</u> | <u>CEMENT TOP</u> |
|----------------------|-------------|---------------|--------------|------------------|-------------------|
| 0' - 200' | 13-3/8" | 48# | H-40, STC | New | Back to Surface |
| 0' - 2000' | 8-5/8" | 24# | K-55, STC | New | Back to Surface |
| 0' - 8000' | 5-1/2" | 17# | N-80, LTC | New | 2000' |

Anticipated cement tops will be reported as to depth, not the expected number of sacks of cement to be used. The District Office will be notified, with sufficient lead time, in order to have a B.L.M. representative on location while running all casing strings and cementing.

Auxiliary Equipment

1. An upper kelly cock will be kept in the string at all times.
2. A float at the bit will be used.
3. A full opening safety valve will be kept on the floor for stabbing into the drill pipe when the kelly is not in the string.
4. A mud logging unit with gas detecting equipment will be used from 2000 feet to total depth.

5. Mud Program and Circulating Medium:

| <u>INTERVAL</u> | <u>MEDIUM</u> | <u>ANTICIPATED PROPERTIES</u> |
|-----------------|-------------------------------------|---|
| 0' - 200' | Fresh Water/Native Mud | MW - 8.5 - 9.0 ppg VIS - 28 - 32 sec./qt. |
| 200' - 4500' | Air/Air Mist Aerated Fresh Water | MW - 8.0 - 8.4 ppg VIS - 24 - 28 sec./qt. |
| 4500' - 8000' | Aerated Water/ Salt-Gel System | MW - 9.0 - 10.4 ppg VIS - 35 - 45 sec./qt. WL - 12 cc's or less |

No chromate additives will be used in the mud system on Federal and Indian Lands without prior B.L.M. approval to ensure adequate protection of fresh water aquifers.

6. Coring, Logging and Testing Program:

There are no drill stem tests or cores anticipated.

A suite of open hole logs will be run upon reaching total depth. The logs will include:

DLL/MSFL/GR/CAL
CN/CD/GR/CAL
BHC SONIC/GR

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).

7. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards:

No abnormal pressures, temperatures, H₂S or other potential hazards have been reported from wells drilled to these depths in this area; thus none are anticipated for this well.

8. Anticipated Starting Dates and Notification of Operations:

Location construction will begin on about June 15, 1985.

Spudding will occur as soon as possible after the completion of the surface location, this will occur on or about July 1, 1985. The duration of drilling operations will be approximately 25 days.

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

The spud date will be reported orally to the AO within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.

In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report of Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed, in duplicate, to the Vernal B.L.M., District Office, 170 South - 500 East, Vernal, Utah 84078.

IMMEDIATE REPORT:

Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a production status. Such notification will be sent by telegram or other written communication, not later than 5 days following the date on which the well is placed on production.

Pursuant to NTL-2B, with the approval of the District Engineer, produced water may be temporarily disposed of into lined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.

Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.74 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.74.

A first production conference will be scheduled within 15 days after receipt of the first production notice.

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable Federal Laws and regulations and with State and Local Laws and regulations to the extent that such State and Local Laws are applicable to operations of Federal or Indian lands.

B. THIRTEEN POINT SURFACE USE PLAN

1. Existing Roads: See Attached Topographic Map "A"

- A. The location of the Sagebursh Federal No. 2-8 is approximately 13.4 miles in a southwesterly direction from Bonanza, Utah.
- B. The proposed route to the location will be to proceed east out of Vernal, Utah along U.S. Highway 40, 24 miles to the junction of this Highway and Utah State Highway 45 to the South; proceed southerly along Utah State Highway 45, 22 miles to Bonanza, Utah; proceed in a westerly direction from Bonanza, Utah on an improved dirt road 4.4 miles to the point that an existing road exists to the Southwest; proceed southwesterly along this road 1.3 miles to the junction of this road and a road to the southwest; proceed southwesterly along this road 4 miles to its junction with a road to the west; proceed in a westerly direction along this road 3.7 miles to the location.
- C. The highways in the foregoing paragraph are bituminous surfaced roads to a point just out of Bonanza, Utah. The aforementioned dirt roads proceeding southwesterly out of Bonanza and other roads in the area are constructed out of native materials that are prevalent to the areas they are located in. They range from clays to a sandy-clay shale material.
- D. Plans for improvement of the existing roads are not required. There is no anticipated construction on any portion of the above described roads. They will meet the necessary standards required to facilitate an orderly flow of traffic during the drilling phases, completion phase, and production phase of this well. (At such time that production is established).

The roads that are required for access during the drilling phase, completion phase, and production phase, will be maintained at the standards required by the B.L.M. or other controlling agencies. This maintenance will consist of some minor grade work for smoothing of roads surfaces.

2. Planned Access Road: See Topographic Map "B"

There is no access road required to reach this wellsite; however, the existing road will be rerouted.

- A. Width: The rerouted road will be an 18 foot crowned surface (9 feet either side of the centerline). The maximum width of the disturbed area will be 30 feet.
- B. Maximum Grades: Back slopes along the cut areas of the road will be 1-1/2 to 1 slopes and terraced. No more than a 10 percent grade will exist for any portion of the road.
- C. Turnouts: There will be no turnouts required along this road.
- D. Location: The road will deviate from its present path north of the proposed location and follow the western edge of the pad. It will resume its present path on the south side of the location.
- E. Drainage: Drainage ditches will be cut on either side of the road where it is determined necessary in order to handle any runoff from normal meteorological conditions.
- F. Surface Materials: The road will be constructed out of native materials that are prevalent to the area of this location.
- G. There are no fences encountered along this proposed road. There will be no new gates or cattle guards required.

The access road crosses a 10 inch gas pipeline. Proper arrangements will be made to wrap and bury the pipeline at the point of crossing prior to construction of the location.

All travel will be confined to existing access road rights of way.

3. Location of Existing Wells: See Topographic Map "B"

There are five (5) producing wells within a 1-mile radius of this well.

- A. Enserch Exploration, Inc. - Crooked Canyon Federal No. 1-17
Section 17 - T10S-R23E - NW/4
- B. Enserch Exploration, Inc. - Sage Brush Federal No. 1-8
Section 8 - T10S-R23E - NE/4
- C. Enserch Exploration, Inc. - Sage Hen Federal No. 1-6
Section 6 - T10S-R23E - SE/4
- D. Enserch Exploration, Inc. - Flat Mesa Federal No. 1-7
Section 7 - T10S-R23E - SE/4
- E. Enserch Exploration, Inc. - Flat Mesa Federal No. 2-7
Section 7 - T10S-R23E - NW/4

There are no known abandoned wells, temporarily abandoned wells, observation wells, or wells for other services within a 1-mile radius of this proposed location.

4. Location of Tank Batteries and Production Facilities:

- A. Production facilities owned by Enserch within a 1-mile radius of the proposed drillsite includes equipment for the 5 wells shown in Point 3; the facilities are similar for each lease. This equipment includes:

- 1 300 barrel flat bottom steel tank
- 1 300 barrel open top fiberglass tank
- 1 heater treater
- 1 dehydrator

- B. In the event the subject well is productive and requires production facilities, all permanent (on-site for six months or longer) structures constructed or installed (including oil well pumpjacks) will be painted a flat, non-reflective, earth-tone color to match the standard environmental colors, as determined by the Rocky Mountain 5 State Interagency Committee. All facilities will be painted within 6 months of installation. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1-1/2 times the storage capacity of the battery.

Tank batteries will be placed on the northeastern most portion of the location, as shown on the illustrated production facilities layout.

All loading lines will be placed inside the berm surrounding the tank battery.

All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.

4. Location of Tank Batteries and Production Facilities: (Continued)

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and anchored securely downstream of the meter. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter.

The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

The area will be built if possible, with native materials and if these materials are not available then the necessary arrangements will be made to get them from private sources. These facilities will be constructed using bulldozers, graders and workman crews to construct and place the proposed facilities. If there is any deviation from the above, all appropriate agencies will be notified. Rehabilitation of disturbed areas no longer needed for operations after construction is completed will meet the requirements of Item No. 10.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from the White River located 1800 feet south and 1200 feet west of the north-east corner of Section 17 - T9S-R22E - S.L.B.&M.. This water source is approximately 15.5 miles by road to be northwest of the proposed drillsite. This water will be hauled by truck over existing roads and the proposed access road. Appropriate State water use permits have been obtained.

All regulations and guidelines will be followed and no deviations will be made unless all concerned agencies are notified.

There will be no water well drilled at this location site.

6. Source of Construction Material:

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. No additional road gravel from other sources are anticipated at this time, but if they are required, the appropriate actions will be taken to acquire them from private sources.

The use of materials under B.L.M. jurisdiction will conform to 43 CFR 3610.2-3.

Construction material will be located on lease.

7. Methods of Handling Waste Disposal:

A reserve pit will be constructed and will be lined.

The reserve pit depth will extend approximately 8 feet below the surface level of the location.

The reserve pit will be used as a fresh water storage area during the drilling of this well and will also be used to store non-flammable materials such as cuttings, salts, drilling fluids, chemicals and produced fluids, etc.

The pits will have wire and overhead flagging installed if deemed necessary to protect the water fowl, wildlife, and domestic animals.

At the onset of drilling, the reserve pit will be fenced on three sides and at the time drilling activities are completed, it will be fenced on the fourth side and allowed to dry completely prior to the time that backfilling and other reclamation activities are attempted. The fence will be wire mesh topped with at least one strand of barbed wire.

When the reserve pit dries and reclamation activities commence, the pits will be covered with a minimum of four feet of soil and all requirements in Item No. 10 will be followed.

A temporary trash basket will be supplied and will be placed on the location site. This trash basket will be used to contain trash accumulated at the site. The trash will be hauled to the nearest sanitary land fill. There will be no burning allowed on this location.

A portable chemical toilet will be supplied for human waste. Gray water will be drained into a rathole alongside the trailers.

7. Methods of Handling Waste Disposal: (Continued)

Produced waste water will be confined to a lined pit for a period not to exceed 90 days after initial production. During the 90 day period an application for approval of a permanent disposal method and location, along with required water analysis, will be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance, and will be grounds for issuing a shut-in order.

8. Ancillary Facilities:

There are no camps or airstrips planned for this well. Temporary trailers will be moved onto location to house company personnel, the tool pusher and mud loggers during the drilling of this well.

9. Well Site Layout: See Attached Location Layout Sheet

The reserve pit will be located at the north-east side of location and will be lined.

Access to the well pad will be from the north end of the location.

Trash cages will be required and the reserve pits will be fenced with a wire mesh fence and topped with at least one strand of barbed wire.

The Vernal District B.L.M. Bookcliffs Resource Area will be notified 48 hours before any construction begins on the proposed location site.

The dirt contractors will be furnished with an approved copy of the surface plan and any additional B.L.M. stipulations prior to any work.

When drilling activities commence, all work shall proceed in a neat and orderly sequence.

10. Plans for Restoration of Surface:

Immediately upon completion of drilling, the location and surrounding area will be cleared of all debris, materials, trash and junk not required for production.

The reserve pit and that portion of the location and access road not needed for production or production facilities will be reclaimed.

10. Plans for Restoration of Surface: (Continued)

Before any dirt work to restore the location takes place, the reserve pit must be completely dry and all cans, barrels, pipe, etc., will be removed.

If the wellsite is to be abandoned then all disturbed areas will be recontoured to the approximate natural contours.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface. Seed will be broadcast or drilled at a time specified by the B.L.M. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage. The appropriate seed mixture to be used will be specified by the B.L.M. at that time.

Any drainages re-routed during construction activities shall be restored to their original line of flow as near as possible. Fences around pits are to be removed upon completion of drilling activities and all waste being contained in the trash basket shall be hauled to the nearest Sanitary Landfill.

The access road will be blocked to prevent vehicle use and prior to reseeding, all disturbed areas, including the access road, will be scarified and left with a rough surface.

Restoration activities shall begin within 90 days after completion of the well. Once restoration activities have begun, they shall be completed within 30 days. The Vernal B.L.M., Bookcliffs Resource Area will be contacted 48 hours prior to starting rehabilitation.

The Lessee further covenants and agrees that all of said clean-up and restoration activities shall be done and performed in a diligent and most workmanlike manner and in strict conformity with the above mentioned Items No. 7 and No. 10.

11. Surface and Mineral Ownership:

Bureau of Land Management
Utah State Office
University Club Building
136 East South Temple
Salt Lake City, Utah 84111

(Own both surface and minerals)

12. Other Information:

The Topography of the General Area - (See Topographic Map "A")

The area is a basin formed by the Blue Mountain Plateau and Green River to the north and the White River and the Roan Plateau to the south.

The Basin floor is interlaced with numerous canyons and ridges formed by the non-perennial streams of the area. The sides of these canyons are steep and ledges formed in a sandstone, conglomerates and shale deposits are extremely common to the area.

The geologic structures of the area that are visible are of the Uinta Formation (Eocene Epoch) Tertiary Period in the upper elevation and the cobblestone and younger alluvial deposits from the Quaternary Period.

Outcrops of sandstone ledges, conglomerate deposits and shale are common in the area.

The topsoils in the area range from a light brownish-gray sandy clay (SM-ML) type soil to poorly graded gravels to a clayey (OL) type soil.

The majority of the numerous washes and streams in the area are of a non-perennial nature flowing during the early spring runoff and extremely heavy rain storms of long duration which are extremely rare as the normal annual rainfall in the area is only 8 inches.

The White River to the south of this location is the only perennial stream that is affected by this location site.

Due to the low precipitation average, climate conditions and the marginal types of soils, the vegetation that is found in the area is common of the semi-arid region we are located in and in the lower elevations. It consists of areas of sagebrush, rabbitbrush, greasewood, some grasses, and cacti as the primary flora.

The fauna of the area is predominately mule deer, coyotes, pronghorn antelope, rabbits, and various small ground squirrels and other types of rodents. The area is used by man for the primary purposes of grazing domestic sheep and cattle.

The birds of the area are raptors, finches, ground sparrows, magpies, crows and jays.

The Topography of the Immediate Area - (See Topographic Map "B")

The Sagebrush Federal No. 2-8 is located on a relatively flat area above the steep White River Canyon.

The majority of the drainages in the area are of a non-perennial nature and drain to the south into the White River, approximately 2 miles.

The vegetation in the immediate area surrounding the location site is predominately sagebrush and grasses.

There are no occupied dwellings or other facilities of this nature in the general area.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.2.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3164.

The dirt contractor will be provided with an approved copy of the surface use plan.

There are no visible archaeological, historical, or cultural sites within any reasonable proximity of the proposed location site. A suitable cultural resource clearance has been provided for the project. If any cultural resources are found during construction, all work will stop and the AO will be notified.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

13. Lessee's or Operators Representative and Certification:

Operators Representative:

M. E. Kinchen
Enserch Exploration, Inc.
7800 Stemmons Frwy., Suite 500
Dallas, Texas 75247
Phone: 214/630-8711

Certification Representative:

C. H. Peeples
Enserch Exploration, Inc.
7800 Stemmons Frwy., Suite 500
Dallas, Texas 75247
Phone: 214/630-8711

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which currently exist, that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by

EP Operating Company

and it's contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date

7/16/86

C. H. Peeples

Regional Drilling Manager

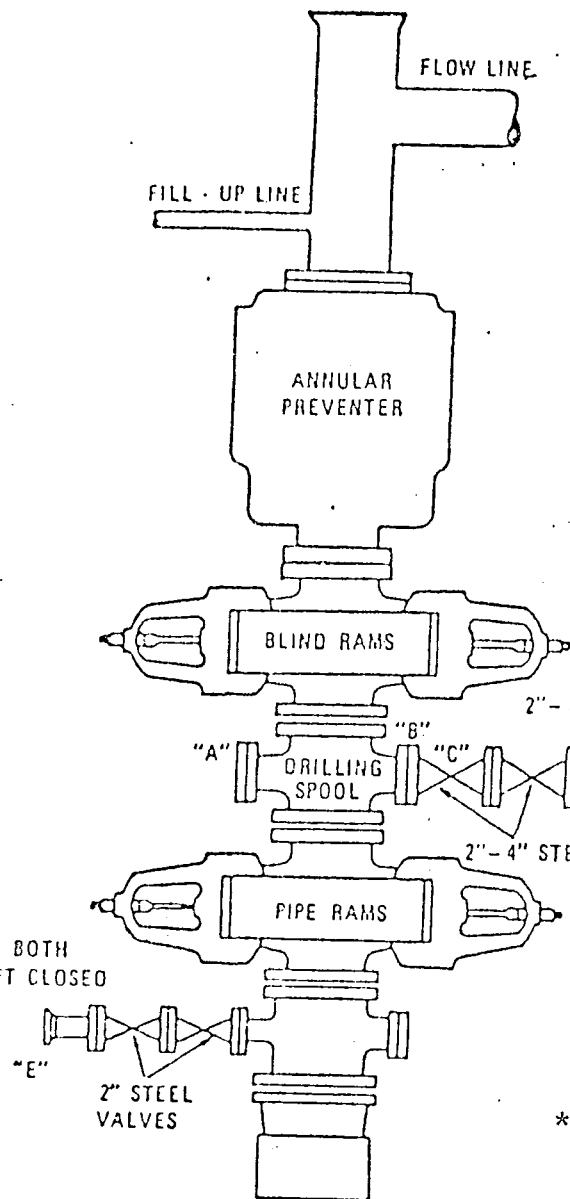
ON-SITE May 7, 1985

PARTICIPANTS:

TITLE:

| | | |
|------------------------|----------------------------------|----------------------------------|
| <u>Greg Darlington</u> | <u>BLM</u> | <u>Environmental Scientist</u> |
| <u>M. E. Kinchen</u> | <u>Enserch Exploration, Inc.</u> | <u>Drilling Engineer</u> |
| <u>Leonard Heeny</u> | <u>Ross Construction</u> | <u>Contractor Representative</u> |
| <u>Brad Weber</u> | <u>Uintah Engineering</u> | <u>Surveyor</u> |
| <u>Garth Norman</u> | <u>AERC</u> | <u>Archaeologist</u> |

MEK/hrs
9-16-86



WHILE DRILLING, BOTH
VALVES ARE KEPT CLOSED

IF POSSIBLE, CASING SPOOL SHOULD
BE POSITIONED SO THAT THESE
VALVES ARE DIRECTLY UNDER THE
BARREL OF THE RAM PREVENTER.

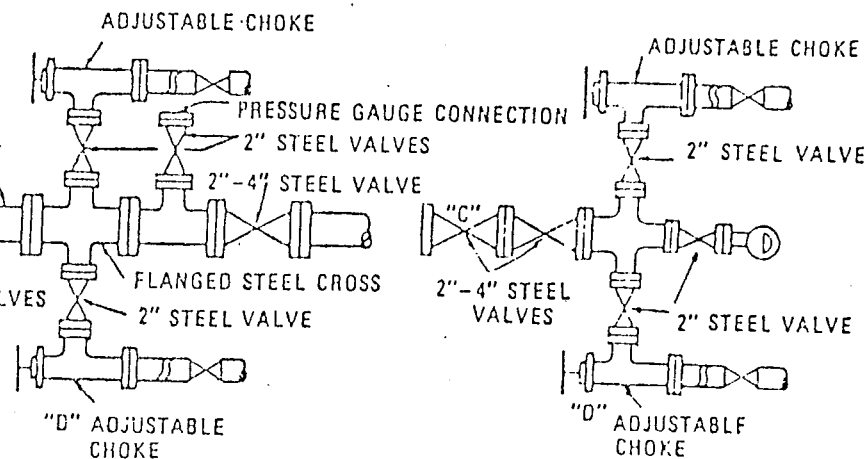
EXHIBIT "A"

THREE PREVENTER HOOKUP

Minimum W. P. - 3000 psi

CHOKE MANIFOLD

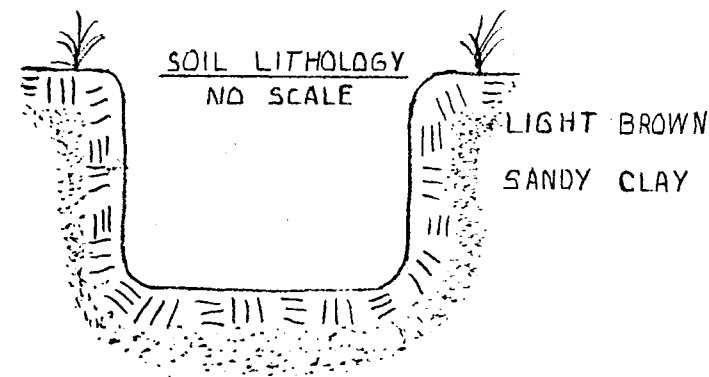
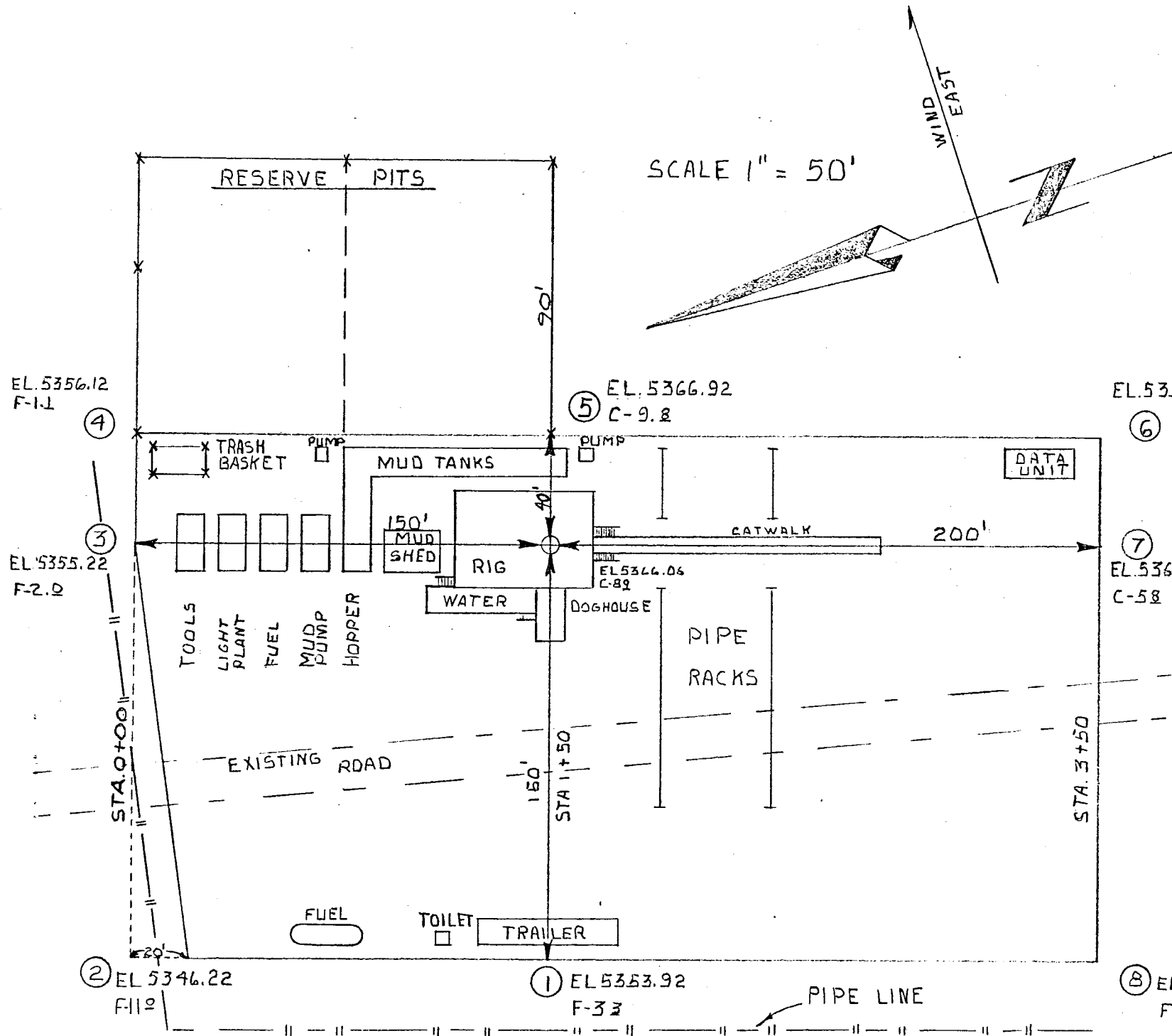
* ALTERNATE CHOKE MANIFOLD



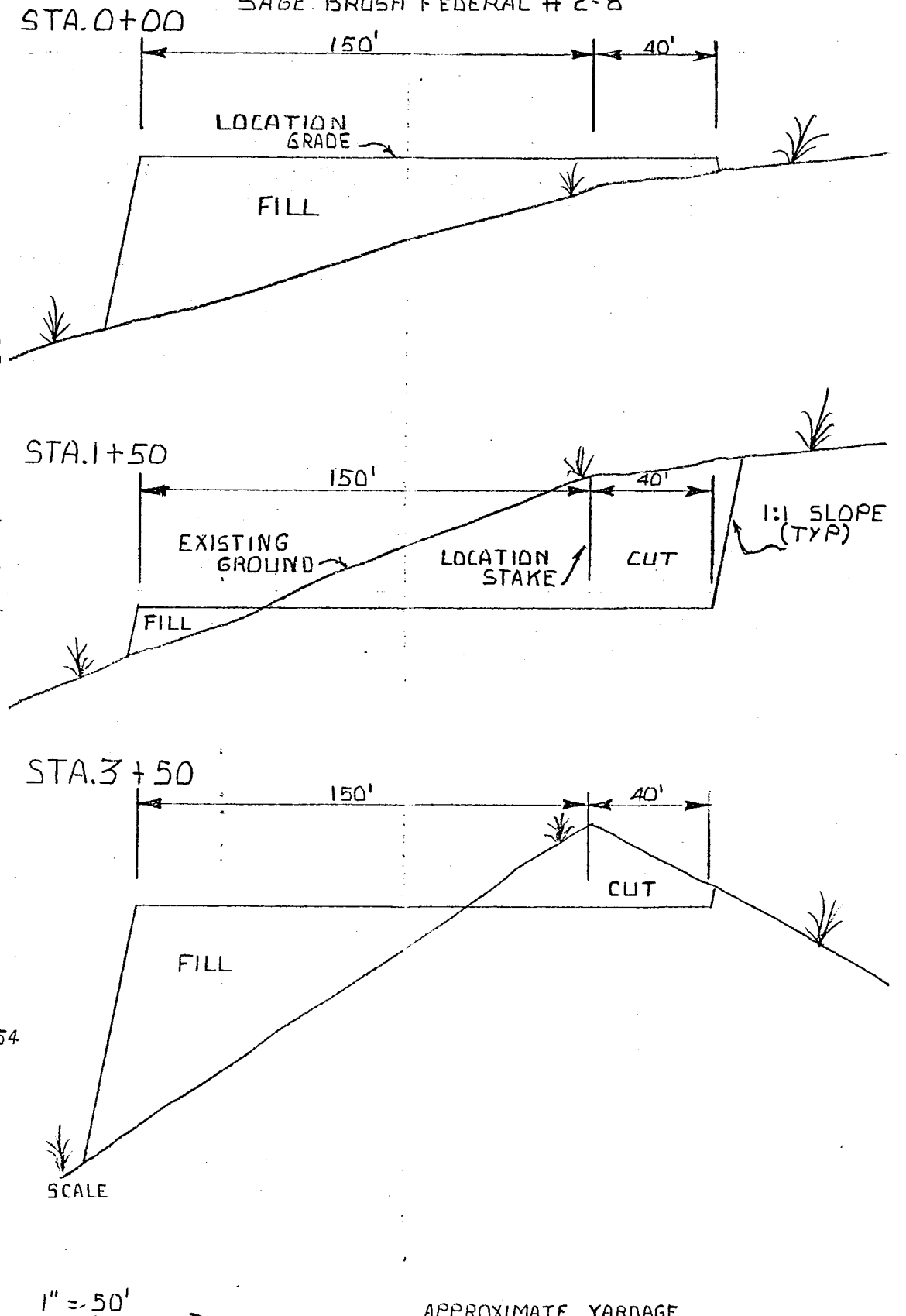
* This is the anticipated B.O.P. equipment only.
The actual equipment to be used will be dependent
upon the drilling rig selected. Pressure ratings
will be at least 3000 psi.

ENSERCH EXPLORATION INC.

SAGE BRUSH FEDERAL # 2-8



CROSS SECTIONS



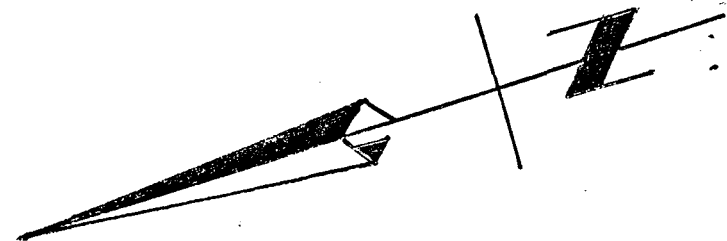
APPROXIMATE YARDAGE

Cubic Yards of Cut - 6291.06

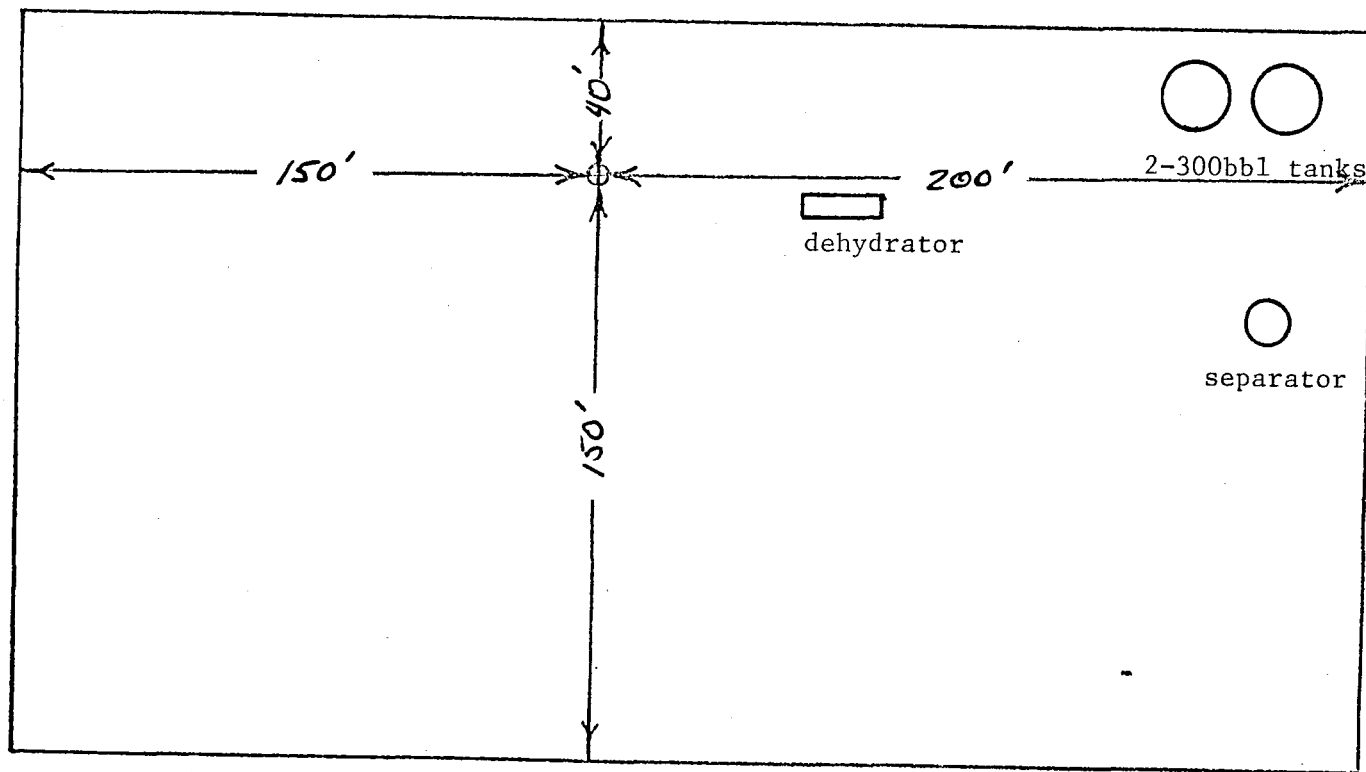
Cubic Yards of Fill - 6370.05

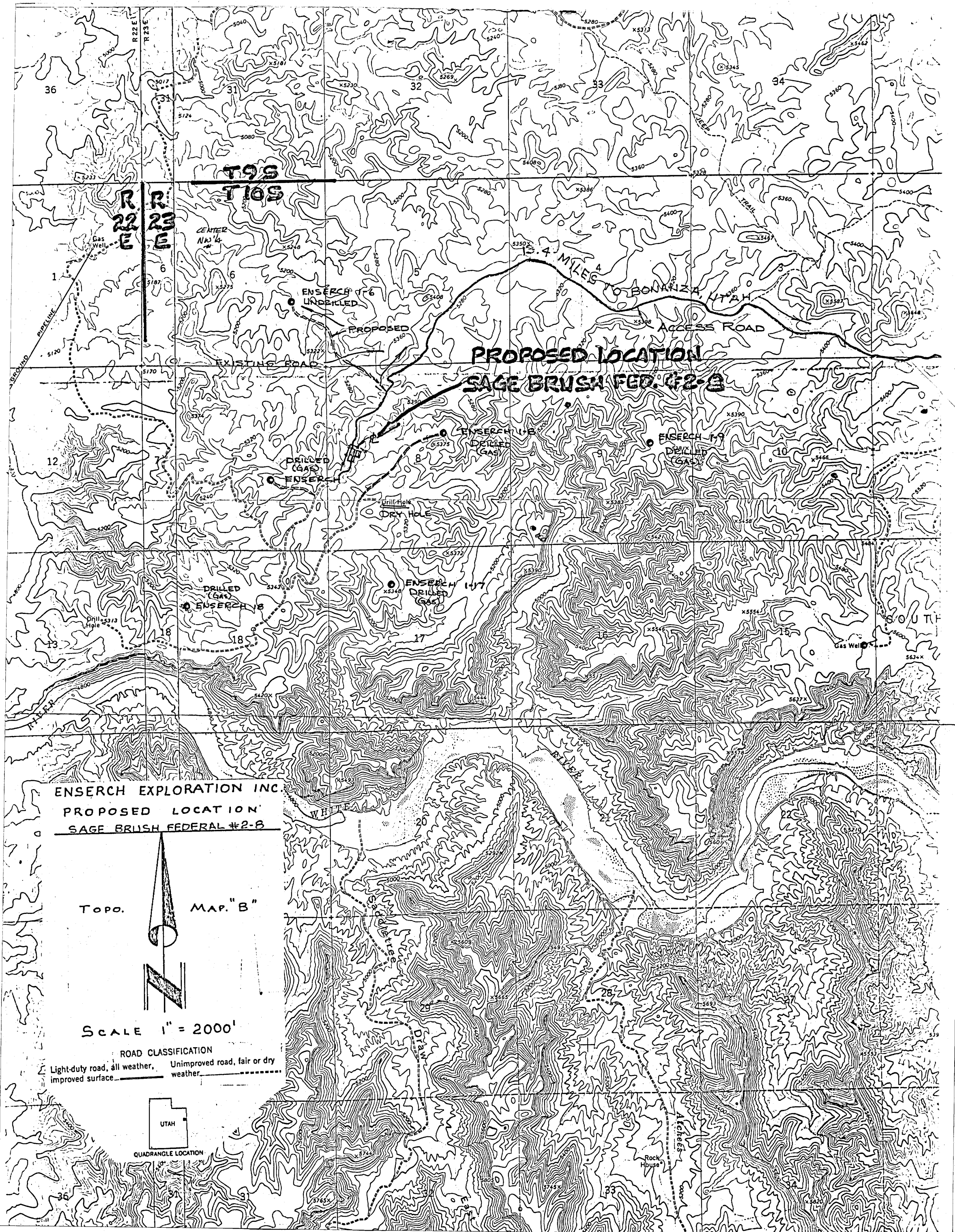
LOCATION OF PRODUCTION FACILITIES
E.P.. OPERATING COMPANY

SAGEBRUSH FEDERAL NO.2-8



scale: 1"=50'





BONDING

EP Operating Company, holds a nationwide oil and gas bond in the amount of \$150,000 filed with the United States Department of the Interior, Bureau of Land Management.

BOND NUMBER: MKO 2883958

ISSUED: May 16, 1985

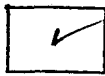
101537

OPERATOR E P Operating Co. DATE 9-23-86
 WELL NAME Sagebrush Sted. 2-8
 SEC SWNW 8 T 10S R 23E COUNTY Winted

43-047-31759
API NUMBER

Federal
TYPE OF LEASE

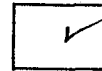
CHECK OFF:



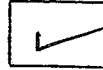
PLAT



BOND

NEAREST
WELL

LEASE



FIELD

POTASH OR
OIL SHALE

PROCESSING COMMENTS:

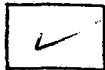
Cause No. 179-1Need water permit

Exc. loc. (original location was approved - we can
carryover the approval for this APD which is
identical location).

APPROVAL LETTER:

SPACING: ☐ 203 _____ UNIT

☐ 302



179-1 10/24/78
CAUSE NO. & DATE

☐ 302.1

STIPULATIONS:

1-Water



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

October 14, 1986

EP Operating Company
7800 Stemmons Freeway, Suite 500
Dallas, Texas 75247

Gentlemen:

Re: Sagebrush Federal 2-8 - SW NW Sec. 8, T. 10S, R. 23E
2585' FNL, 743' FWL - Uintah County, Utah

Approval to drill the referenced well is hereby granted in accordance with the Order of Cause No. 179-1 dated October 24, 1978, subject to the following stipulations:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Chapter 3, Title 73, Utah Code Annotated.

In addition, the following actions are necessary to fully comply with this approval:

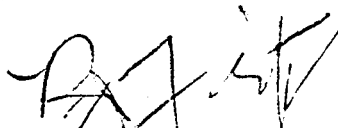
1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
3. Prompt notification to the Division should you determine that it is necessary to plug and abandon this well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or R. J. Firth, Associate Director, (Home) 571-6068.
4. Compliance with the requirements and regulations of Rule 311.3, Associated Gas Flaring, Oil and Gas Conservation General Rules.

Page 2
EP Operating Company
Sagebrush Federal 2-8
October 14, 1986

5. Prior to commencement of the proposed drilling operations, plans for toilet facilities and the disposal of sanitary waste at the drill site shall be submitted to the local health department having jurisdiction. Any such drilling operations and any subsequent well operations must be conducted in accordance with applicable State and local health department regulations. A list of all local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 533-6163.
6. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-047-31759.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

as
Enclosures
cc: Branch of Fluid Minerals
D. R. Nielson
8159T

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRI
(Other instruction
verse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill, deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

| | |
|---|---|
| 1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER | 5. LEASE DESIGNATION AND SERIAL NO. Federal U-37355 |
| 2. NAME OF OPERATOR E. P. Operating Company | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME 102395 |
| 3. ADDRESS OF OPERATOR 7800 Stemmons Frwy - Ste 500 Dallas, Texas 75247 | 7. UNIT AGREEMENT NAME Dulg |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 2585' FNL & 743' FWL (SW-NW) | 8. FARM OR LEASE NAME Sagebrush Federal |
| 14. PERMIT NO. 43-047-31754 | 9. WELL NO. 2-8 |
| 15. ELEVATIONS (Show whether DF, RT, GR, etc.) 5366' GR | 10. FIELD AND POOL, OR WILDCAT Bonanza Field |
| | 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 8, T10S-R23E S.L.B. & M. |
| | 12. COUNTY OR PARISH Uintah |
| | 13. STATE Utah |

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

| | |
|--------------------------------|----------------------|
| TEST WATER SHUT-OFF | PULL OR ALTER CASING |
| FRACTURE TREAT | MULTIPLE COMPLETE |
| SHOOT OR ACIDIZE | ABANDON* |
| REPAIR WELL | CHANGE PLANS |
| (Other) Extend Drilling Permit | X |

SUBSEQUENT REPORT OF:

| | |
|-----------------------|-----------------|
| WATER SHUT-OFF | REPAIRING WELL |
| FRACTURE TREATMENT | ALTERING CASING |
| SHOOTING OR ACIDIZING | ABANDONMENT* |
| (Other) | |

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

The Application for Permit to Drill was approved 10-21-86. Due to the gas market situation this well was not drilled in the past 12 months. In hopes that the market situation will improve in the next 12 months we request an extension of the APD for one year.

18. I hereby certify that the foregoing is true and correct

SIGNED Jack L. Sledge

TITLE Regional Drilling Manager

DATE 10-14-87

(This space for Federal or State office use)

APPROVED BY
CONDITIONS OF APPROVAL, IF ANY:

Federal approval of this action
is required before commencing
operations.

TITLE

ACCEPTED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

*See Instructions on Reverse Side

DATE: 10-26-87
BY: John R. Dugan

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

102710

APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

EP Operating Company

DIVISION OF
OIL, GAS & MINING

(214) 630-8711

3. ADDRESS OF OPERATOR

7800 Stemmons Frwy., Suite 500 - Dallas, Texas 75247

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

2585' FNL & 743' FWL (SW-NW)

At proposed prod. zone

Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

13.4 Miles SW of Bonanza, Utah

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

743'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

2804' GR

16. NO. OF ACRES IN LEASE

1920

19. NO. OF ACRES ASSIGNED
TO THIS WELL

320

17. PROPOSED DEPTH

8000'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

5366' GR

22. APPROX. DATE WORK WILL START*

June, 1987

23.

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|-----------------|---------------|--------------------------|
| 17-1/2" | 13-3/8" | 48# | 200' | To Surface |
| 12-1/4" | 8-5/8" | 24# | 2000' | To Surface |
| 7-7/8" | 5-1/2" | 17# | 8000' | Into Intermediate Casing |

Anticipated BHP = \pm 3500 psi

Propose to drill a 17-1/2 inch hole to 200 feet. Set 13-3/8 inch casing and cement to surface. Install a 13-5/8 inch x 13-3/8 inch, 3000 psi wellhead and a 12 inch x 3000 psi annular preventer to be used as a diverter. The BOP will be tested to 1500 psi. An aerated drilling fluid will be used to drill to approximately 2000 feet where an intermediate casing string of 8-5/8 inch casing will be run to total depth and cemented back to surface. An 8-5/8 inch x 11 inch, 3000 psi wellhead will be installed along with a minimum of 11 inch, 3000 psi double hydraulic pipe and blind rams, and an annular preventer. The rams will be tested to 3000 psi and the annular to 1500 psi. A 7-7/8 inch hole will be drilled to total depth and 5-1/2 inch casing set if productive. If the well is non-productive, plugs will be set and the location will be restored according to B.L.M. instructions.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

C. H. Peeples

TITLE Regional Drilling Manager

DATE September 15, 1986

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

David E. [Signature]

TITLE

DISTRICT MANAGER

DATE

10/21/86

CONDITIONS OF APPROVAL, IF ANY:

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED
TO OPERATOR'S COPY

*See Instructions On Reverse Side

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL
WITHIN THE UINTAH OURAY RESERVATION

Company EP Operating Co. Well No. 2-8
Location Sec. 8 T10S R23E Lease No. U-37355

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered:

Report all water shows and water-bearing sands encountered to Wayne Svejnoha of this office. Copies of State of Utah form OGC-8-X will be acceptable. If noticeable water flows are encountered, submit samples to this office along with any water analyses conducted by the operator.

2. Pressure Control Equipment

All BOPE and testing procedures will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place.

3. Casing Program and Auxiliary Equipment

Twelve hours prior to running and cementing the 8-5/8" intermediate string, notify Al McKee or Jerry Kenczka.

All water zones and other mineral zones are protected or isolated by the proposed cementing program. If bore hole conditions prevent successful completion of the proposed plan, this office shall be notified immediately to determine required remedial protection procedures.

A staked down blooie line shall extend at least 100' from the rig to a blooie pit separate from the reserve pit with a constant burning pilot light while using areated mud.

4. Coring, Logging and Testing Program

A bore hole compensated sonic log shall be run through the Mahogany Oil Shale Zone (estimated top at +1,960') of the Parachute Creek Member of the Green River Formation.

A cement bond log shall be run after cementing the 5½" casing.

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

5. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried or anchored down from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or work-over program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or

orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

In the event after-hour approvals are necessary, please contact one of the following individuals:

| | |
|--|----------------|
| Craig M. Hansen | (801) 247-2318 |
| Assistant District Manager for Minerals | |

| | |
|--------------------|----------------|
| Gerald E. Kenczka | (801) 781-1190 |
| Petroleum Engineer | |

| | |
|--------------------|----------------|
| R. Allen McKee | (801) 781-1368 |
| Petroleum Engineer | |

Revised October 1, 1985

Date APD Received 09/ /86

CONDITIONS OF APPROVAL
FOR THE SURFACE USE PROGRAM OF THE
APPLICATION FOR PERMIT TO DRILL

Company/Operator EP Operating Company
Well Name & Number Sagebrush Federal 2-8
Lease Number U-37355
Location SW ¼ NW ¼ Sec. 8 T. 10 S. R. 23 E.
Surface Ownership Public Lands Administered by the BLM

B. THIRTEEN POINT SURFACE USE PROGRAM:

Multipoint Requirements to Accompany APD

Most of our general requirements are incorporated in the APD. We have the following additional requirements and comments regarding the Sagebrush Federal 2-8 well.

1. Well Site Layout

No separate topsoil stockpile will be required. Most of the excess cut material will be utilized to construct a suitable crossing of an existing flowline for the planned access road.

A separate blooie pit will be constructed for the blooie line. This pit should be at least 100 feet from the well hole and should be constructed in such a manner as to avoid flaring hazards to traffic using the access road.

The original pit liner installed in 1985 will probably require replacement prior to drilling. The pit liner must be adequate for the drilling operation before drilling commences.

Restoration activities will not require rehabilitation for the access road which also serves as a well service road to several other wells in the area.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
OIL AND GAS INSPECTION RECORD

OPERATOR: EP OPERATING COMPANY LEASE: U-37355
WELL NAME: SAGEBRUSH FEDERAL #2-8 API: 43-047-31759
SEC/TWP/RNG: 08 10.0 S 23.0 E CONTRACTOR:
COUNTY: UINTAH FIELD NAME: NATURAL BUTTES

DRILLING/COMPLETION/WORKOVER:

| | | | |
|--------------|------------------|----------------|--------|
| - APD | - WELL SIGN | - HOUSEKEEPING | - BOPE |
| - SAFETY | - POLLUTION CNTL | - SURFACE USE | - PITS |
| - OPERATIONS | - OTHER | | |

SHUT-IN N / TA -:

| | | | |
|-------------|----------------|---------------|----------|
| N WELL SIGN | N HOUSEKEEPING | N EQUIPMENT * | N SAFETY |
| - OTHER | | | |

ABANDONED:

| | | | |
|----------|----------------|---------|---------|
| - MARKER | - HOUSEKEEPING | - REHAB | - OTHER |
|----------|----------------|---------|---------|

PRODUCTION:

| | | | |
|--------------|------------------|---------------|----------------|
| - WELL SIGN | - HOUSEKEEPING | - EQUIPMENT * | - FACILITIES * |
| - METERING * | - POLLUTION CNTL | - PITS | - DISPOSAL |
| - SECURITY | - SAFETY | - OTHER | |

GAS DISPOSITION:

| | | |
|-----------------|--------|-------------|
| - VENTED/FLARED | - SOLD | - LEASE USE |
|-----------------|--------|-------------|

LEGEND: Y = YES/SATISFACTORY N = NO/UNSATISFACTORY A = NOT APPLICABLE

*FACILITIES INSPECTED:
LOCATION, RESERVE PIT

REMARKS:

OPS - WELL NOT SPUDDED. RESERVE PIT UNFENCED

ACTION:

CONTACT BLM - FILL IN RESERVE PIT OR FENCE IT.

INSPECTOR: CAROL KUBLY

DATE: 07/14/88

INSPECTOR: CK DATE ASSIGNED: 880714 DEADLINE: 880814
 DATE COMPLETE: 880729
OPERATOR : N0400 : EP OPERATING COMPANY LEASE: U-37355
WELL NAME: SAGEBRUSH FEDERAL #2-8 API : 43-047-31759
S: 08 T: 10.0 S R: 23.0 E
COUNTY: UINTAH FIELD: 630 : NATURAL BUTTES

ACTION TYPE: FOLLOW*UP***

ACTION REQUIRED:

REFER*TO*BLM-RE:*NO*WELL*SIGN*ON*BUILT*LOCATION*****

ACTION TAKEN:

CONTACTED*BLM-7/29/88.*****

PF KEYS: (1) NO UPDT (9) WELL DATA (12) DELETE (16) EXIT



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
VERNAL DISTRICT OFFICE
170 South 500 East
Vernal, Utah 84078

RECEIVED
DEC 08 1988

DIVISION OF
OIL, GAS & MINING

IN REPLY
REFER TO:
3162.35
UT08438
U-37355

December 6, 1988

E P Operating Company
7800 Stemmons Frwy., Suite 500
Dallas, TX 75247

Re: Rescind Application for Permit to Drill
Well No. Sagebrush Fed. 2-8
Section 8, T10S, R23E
Uintah County, Utah
Lease No. U-37355

43-047-31759

Gentlemen:

aws - The Application for Permit to Drill the referenced well was approved on October 21, 1986. A request for a one (1) year extension to October 21, 1988⁷ was submitted and approved. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is rescinding the approval of the referenced application without prejudice. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

Sincerely,

Gerald E. Kenczka

Gerald E. Kenczka
Acting ADM for Minerals



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

December 12, 1988

E P Operating Company
7800 Stemmons Frwy., Suite 500
Dallas, TX 75247


Gentlemen:

Re: Sagebrush Fed. 2-8, Sec.8, T.10S, R.23E, Uintah County, Utah
API NO. 43-047-31759

In concert with action taken by the U.S. Bureau of Land Management, approval to drill the above referenced well is hereby rescinded. A new Application for Permit to Drill must be filed with this office for approval, prior to future drilling of the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division of Oil, Gas and Mining immediately.

Sincerely,



John R. Baza
Petroleum Engineer

tc

cc: D. R. Nielson

R. J. Firth

BLM-Duchesne

Well file

WE16/89

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
OIL AND GAS INSPECTION RECORD

MICROFICHE

OPERATOR: EP OPERATING COMPANY LEASE: U-37355
WELL NAME: SAGEBRUSH FEDERAL #2-8 API: 43-047-31759
SEC/TWP/RNG: 08 10.0 S 23.0 E CONTRACTOR:
COUNTY: UINTAH FIELD NAME: NATURAL BUTTES

DRILLING/COMPLETION/WORKOVER:

| | | | |
|-------------------------------------|---|---------------------------------------|-------------------------------|
| <input type="checkbox"/> APD | <input type="checkbox"/> WELL SIGN | <input type="checkbox"/> HOUSEKEEPING | <input type="checkbox"/> BOPE |
| <input type="checkbox"/> SAFETY | <input type="checkbox"/> POLLUTION CNTL | <input type="checkbox"/> SURFACE USE | <input type="checkbox"/> PITS |
| <input type="checkbox"/> OPERATIONS | <input type="checkbox"/> OTHER | | |

SHUT-IN ☐ / TA ☐:

| | | | |
|-------------|----------------|---------------|----------|
| N WELL SIGN | N HOUSEKEEPING | N EQUIPMENT * | N SAFETY |
| Y OTHER | | | |

ABANDONED:

| | | | |
|---------------------------------|---------------------------------------|--------------------------------|--------------------------------|
| <input type="checkbox"/> MARKER | <input type="checkbox"/> HOUSEKEEPING | <input type="checkbox"/> REHAB | <input type="checkbox"/> OTHER |
|---------------------------------|---------------------------------------|--------------------------------|--------------------------------|

PRODUCTION:

| | | | |
|-------------------------------------|---|--------------------------------------|---------------------------------------|
| <input type="checkbox"/> WELL SIGN | <input type="checkbox"/> HOUSEKEEPING | <input type="checkbox"/> EQUIPMENT * | <input type="checkbox"/> FACILITIES * |
| <input type="checkbox"/> METERING * | <input type="checkbox"/> POLLUTION CNTL | <input type="checkbox"/> PITS | <input type="checkbox"/> DISPOSAL |
| <input type="checkbox"/> SECURITY | <input type="checkbox"/> SAFETY | <input type="checkbox"/> OTHER | |

GAS DISPOSITION:

| | | |
|--|-------------------------------|------------------------------------|
| <input type="checkbox"/> VENTED/FLARED | <input type="checkbox"/> SOLD | <input type="checkbox"/> LEASE USE |
|--|-------------------------------|------------------------------------|

LEGEND: Y = YES/SATISFACTORY N = NO/UNSATISFACTORY A = NOT APPLICABLE

*FACILITIES INSPECTED:
LOCATION

REMARKS:

LOCATION BUILT BUT NOT SPUDDED. LISTED AS LA STATUS. LOCATION SHOULD BE RECLAIMED AND SEEDED.

ACTION:

INSPECTOR: CAROL KUBLY

DATE: 09/17/90

INSPECTOR: JT DATE ASSIGNED: 901029 DEADLINE: 901129
 DATE COMPLETE: 000000
OPERATOR : N0400 : EP OPERATING COMPANY LEASE: U-37355
WELL NAME: SAGEBRUSH FEDERAL #2-8 API : 43-047-31759
S: 08 T: 10.0 S R: 23.0 E
COUNTY: UINTAH FIELD: 630 : NATURAL BUTTES

ACTION TYPE: REFFERAL****

ACTION REQUIRED:

APD*ISSUED*1986-LOCATION*BUILT.*WELL*NEVER*SPUDDERD.*****
NO*WELL*SIGN*ON*THE*LOCATION.*****

ACTION TAKEN:

REFERED TO BLM-VERNAL-10/30/90.*****

PF KEYS: (1) NO UPDT (9) WELL DATA (12) DELETE (16) EXIT

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
OIL AND GAS INSPECTION RECORD

LA

MICROFICHE

OPERATOR: EP OPERATING COMPANY LEASE: U-37355
WELL NAME: SAGEBRUSH FEDERAL #2-8 API: 43-047-31759
SEC/TWP/RNG: 08 10.0 S 23.0 E CONTRACTOR:
COUNTY: UINTAH FIELD NAME: NATURAL BUTTES

DRILLING/COMPLETION/WORKOVER:

| | | | |
|--------------|------------------|----------------|--------|
| - APD | - WELL SIGN | - HOUSEKEEPING | - BOPE |
| - SAFETY | - POLLUTION CNTL | - SURFACE USE | - PITS |
| - OPERATIONS | - OTHER | | |

SHUT-IN N / TA N:
N WELL SIGN N HOUSEKEEPING N EQUIPMENT * Y SAFETY
Y OTHER

ABANDONED:
- MARKER - HOUSEKEEPING - REHAB - OTHER

PRODUCTION:
- WELL SIGN - HOUSEKEEPING - EQUIPMENT * - FACILITIES *
- METERING * - POLLUTION CNTL - PITS - DISPOSAL
- SECURITY - SAFETY - OTHER

GAS DISPOSITION:
- VENTED/FLARED - SOLD - LEASE USE

LEGEND: Y = YES/SATISFACTORY N = NO/UNSATISFACTORY A = NOT APPLICABLE

*FACILITIES INSPECTED:
LOCATION BUILT

REMARKS:
WELL NOT SPUDDED

ACTION:

INSPECTOR: CAROL KUBLY

DATE: 04/29/91